

Seven challenges faced by tech startups in Africa

Strategy, promotion and partnerships are critical elements. What did panelists at the recent Afri Tech Summit London think were the major challenges to launching and monetising tech solutions on the continent?

 By Tom Jackson 5 May 2017



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Changing consumer patterns

Bosun Tijani, co-founder of Nigerian incubator Co-Creation Hub (CcHub), said successful startups need to change the way people consume products and services.

“If you are creating a business that does not have qualities that can change consumption patterns you have a problem from the start,” he said.

Creating new sectors

Many African tech startups are involved with essentially launching whole new sectors, where previously there were only non-profits. That is certainly the case for Christopher Baker-Brian, co-founder and chief technology officer (CTO) at solar provider BBOXX.

“Ten years ago our sector didn’t really exist, it was very much aid-driven. Creating that sector has been a challenge,” he said.

Access to capital

Ask African tech startups what their major challenge is and most will say lack of funding, though [more and more companies are securing investment](#). This is certainly the case for Baker-Brian, though BBOXX is very well backed.

“We are a product finance business so we need access to capital,” he said.

Connectivity

Another [regular gripe of African startups](#) is the poor connectivity that, in spite of improvements, still bedevils the continent. Baker-Brian says it remains a challenge for BBOXX.

“It needs to improve to get access to high quality data in real time. We try to partner with service providers to tackle this but it takes time,” he said.

Market size

Africa’s middle class is growing, but not as fast as many think. Plus, while many people remain disconnected from the internet and financial services, market size can be an issue. Baker-Brian thinks there are opportunities in this, however.

“We think there’s a decently sized market, we are a long way from market saturation. Population growth and household growth is rapid,” he said.

Getting the process right

For Deepankar Rustagi, co-founder of Nigerian business directory and search engine VConnect, most African startups are very clear on what problem they are trying to solve but fail because they don’t properly figure out how to do it.

“Everyone advises startups to focus on the problem, but they don’t focus on the process,” he said. “We have to completely change that process.”

Securing revenues for runway

Andrew Osayemi, co-founder of hit TV series Meet the Adebajobos, said a major challenge of scaling a business – especially in his sector – is access to revenue.

“Revenue is decided by advertisers, but getting access and having repeatability is difficult. You have to learn how to adapt, so that holds back your growth,” he said.

Payment times are also a problem. “In terms of acquiring customers, you have to raise money. The time between the period educating customers and them paying may be six months, so there is a lot of faith,” Osayemi said.

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